

November 15, 2021

Dear Treasurer/Finance Director:

On behalf of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund (IPOPIF), thank you for tirelessly working on the behalf of the tens of thousands of active duty and retired officers from suburban and downstate Illinois municipalities. Each of you has played a critical role in selflessly representing the needs of police officers throughout the state of Illinois. Your service to your members and their families is essential, and the outstanding work you have done has been greatly appreciated by those who have and will continue to benefit from your service as the Treasurer/Finance Director.

As you know, the Illinois Pension Consolidation Act of 2019 established the IPOPIF for the exclusive purpose of protecting and investing the assets of the Article 3 pension funds covering police officers serving and protecting all Illinois downstate and suburban municipalities and their beneficiaries, while also supporting our municipal partners who employ them. We are fiercely dedicated to the mission of providing a dignified retirement for our participants and their beneficiaries.

As we move ahead with the transition of assets and begin taking on our state-mandated responsibilities, we will be actively engaged with many of you and want to thank you in advance for making this process as seamless as possible. We are confident that you will find the IPOPIF to be a transparent, trusted, and financially responsible steward of the pension fund assets entrusted to our care. Know that we will diligently serve all of our stakeholders.

Given that the process of the transition of assets leading up to the consolidation is well underway, I thought it would be an opportune time to update you all on the milestones we have reached and the activities we anticipate as we close out the year.

Working together with leaders like you, much can be accomplished in the coming weeks and months that will ultimately benefit the participants and beneficiaries of each municipality's police pension plan.

#### Recent Milestones for the IPOPIF

- The Transition Board of Trustees were appointed by Governor J.B. Pritzker in January 2020 and met for the first time in February 2020. However, the IPOPIF is now governed by an independent and autonomous nine-member Board of Trustees who were sworn into office in January 2021 after a statewide election.

Five members represent active and retired law enforcement and were elected by the members of the downstate and suburban police pension funds. Three municipal members were elected by the municipalities and one member was appointed by the Governor. The Trustees of the IPOPIF are fiduciaries and will continue to discharge their duties with integrity and solely in the best interest of the participants and beneficiaries of the Article 3 participating funds.

Through October 31, 2021, the Board of Trustees have met 36 times. Additionally, the Board of Trustees appointed six committees to assist with the governance of the Fund and provide recommendations to the Board of Trustees. Collectively, these committees have met 38 times.

The board members are:

- Shawn Curry, Chairperson, Participant Representative, Sergeant, Peoria Police Department
  - Daniel Hopkins, Vice-Chairperson, Beneficiary Representative, Retired Officer, Collinsville Police Department
  - Paul Swanlund, Secretary, Participant Representative, Officer, Bloomington Police Department
  - Elizabeth Holleb, Treasurer, Municipal Representative, Finance Director, City of Lake Forest
  - Lee Catavu, Participant Representative, Officer, Aurora Police Department
  - Brad Cole, Illinois Municipal League Representative, Executive Director of the Illinois Municipal League, Carbondale
  - Michael Inman, Municipal Representative, Mayor, City of Macomb
  - Mark Poulos, Beneficiary Representative, Retired Lieutenant, Rock Island Police Department
  - Phil Suess, Municipal Representative, Mayor, City of Wheaton
- The Board of Trustees hired Kent Custer to serve as Chief Investment Officer (CIO) in May 2021. Prior to joining IPOPIF, Kent served as the CIO of the Dallas Police and Fire Pension System. He hired Steve Yoon as an Investment Officer in August. Steve joins the IPOPIF from the Municipal Employees' Annuity and Benefit Fund of Chicago.
  - Shaun J. Ivey, a retired member of the Pekin Police Department and a former board member of the Pekin Police Pension Fund, was hired in early October to serve as the IPOPIF's Administrative Manager.
  - The Board of Trustees retained Verus Advisory, Inc., as the Fund's General Investment Consultant, and State Street Bank and Trust as the IPOPIF's Investment Custodian. The Board selected transition managers and passive investment managers who will assist with the transition of assets from the local police pension funds to the IPOPIF asset pool. The Fund also selected three Certified Public Accounting firms that will determine the Certified Investment Asset List.
  - The Board of Trustees have issued administrative rules to manage the transition process. Staff anticipates that additional rules will be issued.
  - The IPOPIF is conducting regular meetings with stakeholder groups as we ramp up our communication outreach efforts.
  - A website has been established for the Illinois Police Officers' Pension Investment Fund. Please visit it at [www.ipopif.org](http://www.ipopif.org)

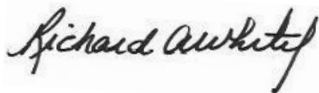
As we begin to invest the pooled assets, we intend to leverage our significantly larger sized fund to reduce costs through better negotiating power. The size also will provide access to investments that were closed to smaller local funds and access to best-in-class investment managers at competitive pricing. Lower management costs and performance fees will ensure more money is available to fund pension benefits for the beneficiaries of the Article 3 pension funds.

The consolidated asset pool will be comprised of the fund assets that continue to be locally owned by the participating police pension funds. The State of Illinois cannot access these assets, nor is the IPOPIF asset pool affected by the state government's financial condition. And, as the law stipulates, the Board of Trustees will ensure that the financial condition of one participating pension fund will have no effect on the financial condition of any other participating fund.

We anticipate that IPOPIF will be operationally ready to receive and manage assets by **March 1, 2022**. We foresee being fully operational by June 30, 2022, and prepared to fulfill all statutory requirements. As we move into the Fiscal Year 2023 and beyond, we will continue to build our investment program to maximize the investment return potential for an estimated investment fund of more than \$9 billion.

In closing, I want to thank you again for your assistance. I assure you that the Illinois Police Officers' Pension Investment Fund will think strategically and continuously improve our operations. We are laser-focused on investment excellence, resulting in achieving the best risk-adjusted investment returns possible through the prudent investment of contributions and investment income.

Sincerely,

A handwritten signature in black ink that reads "Richard White". The signature is written in a cursive style with a large, stylized initial 'R'.

Richard White  
Executive Director